

For the existing Articles 606 to 636, substitute the following :—

Chapter 30.—Currency Notes.

Receipt	606	Forged Notes	622
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Receipt.

606. Government Currency notes of the denominations of Rs. 5, 10, 50 and 100 which are designated universal Currency notes shall be received by all Government officers in payment of Government dues or in settlement of other transactions, irrespective of the circle from which the notes may have been issued; notes of higher denominations shall be received only within the limits of the circle of issue to which the notes belong.

NOTE 1. The above rule applies also to receipts by officers of Railway Companies in payment of fares and freight. In the case of lines traversing more than one circle of issue, non-universal notes of each circle will be received at stations of the Railway situated within that particular circle, and the railway authorities will arrange that collections in non-universal notes of any circle are paid into a treasury situated within that circle.

NOTE 2. To prevent counterfeit notes being substituted for genuine notes during transit, care should be taken when currency notes form a portion of a remittance from a Post Office to any treasury or sub-treasury or to the Bank of Bengal, Madras or Bombay, to impress on the back of each note the dated stamps of the remitting Post Office.

NOTE 3. The several circles of issue of Paper Currency as now constituted with their territorial limits are as follows :—

Name of Circle.	Territorial limits.
Calcutta	All the territory under the Governor of Bengal, the Lieutenant-Governor of Bihar and Orissa, the Chief Commissioner of Assam, the Superintendent, Port Blair, Chief Commissioner, Andamans, and the Bikaner State.
Cawnpore	The territory under the Lieutenant-Governor, United Provinces of Agra and Oudh, the cantonment and civil lines of Nowgong, Sambhar and the Bharatpur and Dholpur States, and the lands occupied by the (a) Bina-Agra portion; (b) the Cawnpore Branch; and (c) the Manikpur Branch of the Great Indian Peninsula Railway, Midland Section.
Lahore	The territory under the Lieutenant-Governor of the Punjab, the Chief Commissioner, North-West Frontier Province, and the Chief Commissioner Delhi.
Bombay	All the districts of the Bombay Presidency Proper, the Central Provinces and Berar, and all the districts in Ajmer-Merwara, and the areas in the Hyderabad (Deccan) State in which the Governor General in Council exercises jurisdiction through the Resident, the cantonments of Baroda, Mhow, Nimach, Agar, Guna and Sehore, the Indore Residency Bazzars, the Native States in Rajputana, except the Bikaner, Bharatpur, and Dholpur States, and the railway lands in Central India and Rajputana except those mentioned under Cawnpore.
Karachi	Province of Sindh and Baluchistan (British and Agency).
Madras	All the districts in the Presidency of Madras, the territory administered by the Chief Commissioner of Coorg, and the Civil and Military Station of Bangalore.
Rangoon	All the territory under the Lieutenant-Governor of Burma.

NOTE 4.—No notes of the denomination of Rs. 20 will hereafter be issued, but those which are already in circulation will be treated by Government officers like universal notes though they have not been declared to be universal under the Indian Paper Currency Act II of 1910.

Payment.

607. Except at an office of issue, universal notes are legal tender throughout British India in satisfaction of any claim against Government; and subject to the same exception, other notes are legal tender at any place, within the circle from which they were issued. Endeavour should, however, always be made so far as possible to meet the requirements of the payee as to the form of currency in which he desires to take payment.

Issue and Exchange.

608. The supply of notes to meet local demands and the encashment of notes when presented, form a very important part of the resource operations of a province, and it is the duty of every Accountant General to keep all his treasuries well supplied with notes with reference to the public demand for them by indent from head-quarters or by remittances from other treasuries. The arrangements necessary for the encashment of notes are described in the following articles.

609. No restrictions are imposed on the issue of notes at treasuries in exchange for cash or for universal or home circle notes of other denominations.

610. Although no person has legal claim to obtain cash for notes presented at a Government treasury, Government desire that this accommodation be given whenever possible, and that all applications for exchange should be granted provided that the coin or notes applied for are available, subject to any general or special limitations which the Accountant General may find it necessary to impose from time to time.

611. Subject to any limitations which the Accountant General may find it necessary to impose in particular cases (*vide* preceding article), the Treasury Officer should, whenever he is satisfied that no inconvenience will be caused to the treasury by the encashment of any universal notes or home notes likely to be presented, exhibit in some conspicuous place a placard in English and the vernacular notifying that he is prepared to give cash for such notes. If the Treasury Officer can spare cash for only a limited amount of notes he is at liberty to notify that he is prepared to give cash for universal notes only or for notes of the lower denominations only. Care should, however, be taken that no corrupt or undue preference be shown to any individual.

NOTE 1.—Whenever there are reasons to believe that notes are selling in the local market at a discount or a premium in large amounts, Treasury Officers should at once bring the fact to the notice of the Accountant General.

NOTE 2.—Universal notes and home notes to a limited extent may be cashed for the convenience of travellers when the treasury is unable to cash them for the general public.

NOTE 3.—Permission has, in some cases, been given for encashment of notes at sub-treasuries under the same conditions. This facility may be extended under the orders of the Accountant General as opportunity offers.

Currency Chests.

612. Currency chests have in the past usually been opened at treasuries for the convenience of resource operations. These can, however, also be utilised in order to facilitate the free issue and encashment of notes, and Accountants General should take steps, where necessary, to open currency chests where they appear to be required for the latter purpose, either by the remittance of notes or coin, or by an order passed to transfer notes or coin from treasury to currency.

613. The ordinary exchanges with the public should be made by the treasury. Where, however, a currency chest has been opened at a treasury, this will be used as a reserve when the proportion of notes or coin in the treasury becomes inconveniently large. It will not therefore be necessary in every case that a currency chest should be operated on daily. If the chest can give no assistance the facilities afforded to the public must necessarily be stopped, *e. g.*, if notes accumulate, and the whole balance in the chest consists of notes, no more can obviously be cashed for the public. Such a state of things should not, however, ordinarily be allowed to occur, and the balances of coin and of notes in the chest should be regulated by the Accountant General by remittance if necessary with reference to the requirements of Government and the public demand from time to time.

614. When the Treasury Officer receives a special order from the Accountant General to pay over or to take out a sum of money, in coin or notes, into or from the currency chest, he will enter it in his cash book as a remittance to or from currency with reference to the order received; and will show it as a deposit or withdrawal of the amount in the currency chest book.

NOTE.—Transactions of this kind are always ordered in pairs, that is, an order to Treasury Officer A, to transfer money from currency, to treasury can never issue until the Accountant General has ascertained that Treasury Officer B has made a corresponding payment from his treasury into currency. The Accountant General will see that the two cross-transactions are taken against each other in the provincial Accounts.

615. (a) It must be remembered that coin held in a currency chest is part of the reserve maintained under Act II of 1910, against the currency circulation; it must be kept quite separate from the treasury balance and treasury accounts, and must not, on any account, be touched except in conformity with these rules. An entirely separate receptacle must, therefore, be set aside in the treasury for the currency department funds.

(b) With the exception of occasions on which a transfer is made under the orders of the Accountant General, referred to in the preceding article, this chest should always contain the same total amount. Coin may, however, be taken out and notes deposited, or *vice versa* or one description of notes or coin may be exchanged for another. The Accountant General may also empower Treasury Officers to deposit surplus treasury funds into the currency chest without his previous sanction in each case. Immediate intimation of such deposits will be given to the Accountant General to enable him to arrange for opposite transfers elsewhere.

(c) One key of the separate receptacle in which the currency department funds are deposited must be kept by the Collector or some other gazetted officer who is not in personal charge of the treasury balance.

Page 259, Article 615 (c)—

Cancel this Article.

616. A currency chest book (Form 84), or a duplicate of it, should be kept in the chest, and the balance proved and signed at every transaction. A slip in Form 84 (a), signed by the Treasury Officer, the Treasurer and the officer holding the second key, must be sent at the close of the day to the head office of the circle and to the Accountant General whenever the chest is opened ; no further accounts are necessary.

617. Copper, bronze or nickel coins must never be deposited in the chest, as the law does not admit of their being held as currency reserve, but a reasonable portion of the reserve may be kept in the form of small silver coin.

618. The exchanges with the chest should be always in even hundreds of rupees, and transactions should, if possible, be avoided in the last few days of the month, so that the correct closing monthly balance may always be known at the head office. If important exchanges take place too late for the slip to reach the head office by post, the transaction should be telegraphed shortly (e.g., "Currency Chest to Currency Commissioner. Withdrawn Rs. 30,000 deposited 300 notes for 100").

619. The currency chest balance should be verified monthly, except when it is deposited with a branch of the Presidency Bank, in which case the balance need be verified only on March 31st and September 30th, and the verification certificate should be sent to the head office of the circle.

As in the case of the treasury balance, it should be verified by the District Officer when at headquarters. When he is absent on tour on the 1st of the month and the key of the chest is left with a Gazetted Officer other than the Treasury Officer under Article 615 (c), the chest balance may be verified by the officer who verifies the treasury balance under Article 336, subject to the condition therein stated ; when the key of the chest is with the Collector on tour the verification should be made by him immediately on return to headquarters.

Re-issue of Notes, Custody of Notes and Disposal of Non-issuable Notes.

620. The re-issue of notes from the currency offices has been discontinued. It is obviously to the interest of the popularity of the note issue that clean notes only should be put into circulation. This measure has, at the same time, the advantage of making it more difficult for forged notes to escape detection, as these are frequently intentionally soiled or smudged in order to conceal their defects. In the case of district treasuries it is not at present feasible entirely to discontinue reissues. Accountants General should, however, arrange to keep their treasuries supplied with sufficient stocks of clean notes in order to meet all probable demands. Notes much soiled or worn should not in any case be reissued to the public and cut notes should not ordinarily be reissued. Notes unfit for reissue should be sent to the treasury at the headquarters of the Local Government (or other treasury named by the Accountant General) in the first remittance made thither.

Subject to these remarks, all universal notes, if fit for issue, may be issued to the public irrespective of the circle from which they were issued. They should, irrespective of circle of issue, also be treated like home notes for

Page 259, Article 616.

Insert the word " and " after the words " Treasury officer " in line 3 and *omit* the words " and the officer holding the second key " in line 4.

14th List—1-7-16.

Page 260, Article 619.

For the second paragraph *substitute* :—

"The verification will be made by the officer who verifies the treasury balance under Article 336, subject to the condition therein stated."

14th List—1-7-16.

purposes of transfer to currency chests or disposal in any other manner under standing orders of the Accountant General.

NOTE 1.—The circles of issue are, in the case of universal notes, indicated by a distinctive letter printed on the note, thus C for Calcutta, A for Cawnpore, L for Lahore, B for Bombay, K for Karachi, M for Madras and R for Rangoon.

NOTE 2.—Notes of the denomination of Rs20 should not be issued to the public, but should be remitted away under the instructions of the Account Office.

NOTE 3.—A foreign circle note, i.e., a non-universal note of a foreign circle, accepted by mistake may be treated in the same way as a universal note but should be remitted immediately to the head office of the circle of issue, an explanation being at the same time furnished to the local Accountant General.

621. (a) In order to obviate unnecessary issues from the double locks, notes received across the counter in the course of daily transactions may, if necessary, be reissued at once provided they are in good condition.

(b) Notes deposited in the Treasury under double locks should be kept in order of receipt in bundles according to denominations, each bundle containing not more than 100 notes; they should be reissued to the public or remitted to another treasury in the same order. All notes should be stored separately from coin in a tin box or other receptacle designed to protect them from injury by damp, insects, etc.

Forged Notes.

622. In the event of a forged note being presented, the note and the presenter should be made over to the police, if the Treasury Officer considers it advisable to do so. Notes disfigured by oil or other substances should be scrutinised with special care, as counterfeit notes are sometimes intentionally thus disfigured to render detection difficult.

Defective Notes.

623. Half, mutilated, mismatched or altered notes and notes disfigured by oil or other substances in such manner as to render their identification doubtful should never be received in payment of Government dues or cashed. The holder should be advised to apply to the Currency Office of the circle to which the notes belong for instructions regarding the procedure under which the value of such notes can in some cases be recovered.

NOTE.—Currency notes with only a slight mutilation which does not interfere with identification or suggest fraud, may be received in the treasury and dealt with under Article 620. The features necessary for the identification of a note are its serial letter, number, denomination, place of issue, signature, and watermark.

Notes wholly destroyed.

624. (a) The State is legally under no obligation to pay a currency note which cannot be presented; but when a person claiming payment of a note which he is unable to produce can satisfy the Commissioner beyond all reasonable doubt that the note (which must be absolutely identified) has either been destroyed or lost under such circumstances that there is no probability of its ever being presented for payment, the Commissioner may direct as follows :—

- (1) That after two years from the first advertisement of the loss, the value of the note may be paid by the Currency Officer and invested, if possible, in Government securities, or, if the amount is too small, then paid into the Government Savings Bank.

- (2) That after a period of twenty years from the date of advertisement, if meantime the note has not been presented for payment, the said investment, with accumulated interest (or the said deposit, if no investment has been made), be delivered to the claimant or his assignee, or other legal representatives, upon a bond of indemnity with two personal sureties attached.

The Commissioner may, at his direction, dispense with sureties in any case when he is satisfied that such a course is desirable and is not likely to lead to difficulties in recovering the value of the notes from the payee in the event of the notes themselves being presented for payment.

(b) Claimants in respect of notes so lost or destroyed should be informed accordingly, and should be advised to apply to the Currency Office of the circle to which the notes belonged.

Indents.

625. When notes are wanted in a district, an indent in detail should be submitted ; and it may well accompany the monthly cash balance report.

Quarterly Returns.

626. Every Treasury Officer will prepare (in Form 82) a quarterly memorandum showing the receipt and issue of Government currency notes in and from his head and sub-treasuries, and will submit it to the Accountant General. In the case of those treasuries which bank with a Presidency Bank or branch Bank, the memorandum will show the transactions at sub-treasuries only.

NOTE.—To assist in the preparation of this return, it is suggested that a register in Form 88 should be kept in the vernacular in each treasury and sub-treasury, and should be posted daily. Notes received across the counter in the course of daily transactions and reissued under the provisions of Article 621 should be entered in this register like other transactions. The daily entries should be totalled at the end of each month. If the entries have been accurately made, the opening balance plus total of receipts will be equal to the closing balance plus total of issues. At the end of the quarter, the totals of the three months for both district and sub-treasuries should be summed up and posted in Form 82. Where there is a branch of the Presidency Bank, the register will be opened for transactions at sub-treasuries only. The register will give only the total value of the notes received and issued under each head in each day.

627—636. *Cancelled.*

(12th List—3-1-16.)

Page 201, Article 600, Note 5—

25/ Add the following in the column "Territorial limits" against the
Circles named, after making the necessary changes in punctuation,
etc. :—

Cawnpore	.	.	.	and the cantonment and civil lines of Nowgong.
Bombay	.	.	.	The cantonments of Baroda, Mhow, Nimach, Agar, Guna and Sehore, and the Indore Residency Bazars.

2nd List—1-6-13.

Page 257, Art. 606, Note 3—

Add in continuation of the previous additions in the column Territorial limits against the circles named below :—

Calcutta	And the Bikaner State.
Cawnpur	And Sambhar and the Bharatpur and Dholpur-States.
Bombay	And the Native States in Rajputana, except the Bikaner, Bharatpur, and Dholpur States.

3rd List—30-9-13.

Page 257, Art. 606, Note 3—

Add in continuation of previous additions in the column Territorial limits against the circles named below :—

Cawnpur	And the lands occupied by the (a) Bina-Agra portion ; (b) the Cawnpur Branch ; and (c) the Manikpur Branch of the Great Indian Peninsula Railway, Midland Section.
Bombay	And the Railway lands in Central India and Rajputana except those mentioned under Cawnpur.

3rd List—30-9-13.

Page 257, Article 606.—

Substitute the following for the first line :—

“ Government Currency notes of the denominations of Re. 1, Rs. 2½,
5, 10, 50 ”

[20th List—2.1.18.]

Chapter 30.—Currency Notes.

Receipt	606	Notes wholly destroyed	622
Payment	607	Indents	623
Issue and Exchange	608	Quarterly Returns	624
Custody	612	Currency Agencies—	
Non-issuable Notes	614	<i>General Rules</i>	625
Record	617	<i>Custody of Coin and Notes</i>	627
Forged Notes	618A	<i>Rules for Management</i>	628
Stopped Notes	619	<i>Exchange with Treasury</i>	634
Defective Notes	621	<i>Temporary Currency Chests</i>	635
Oiled Notes	621	<i>Responsibility</i>	636

Receipt.

606. Government Currency Notes of the denominations of ₹5, 10, 2 and 100 which are designated Universal Currency Notes may be received by all Government officers in payment of Government dues or in settlement of other transactions, irrespective of the circle from which the notes may have been issued; notes of higher denominations may be received only within the limits of the circle of issue to which the notes belong.

NOTE 1.—The above rule applies also to receipts by officers of Railway Companies in payment of fares and freight. In the case of lines traversing more than one circle of issue, non-universal notes of each circle will be received at stations of the Railway situated within that particular circle, and the Railway authorities will arrange that collections in non-universal notes of any circle are paid into a treasury situated within that circle.

NOTE 2.—To prevent counterfeit notes being substituted for genuine notes during transit, care should be taken when currency notes form a portion of a remittance from a Post Office to any treasury or sub-treasury, or to the Bank of Bengal, Madras or Bombay, to impress on the back of each note the dated stamp of the remitting Post Office.

NOTE 3.—The several circles of issue of Paper Currency as now constituted with their territorial limits are as follows :—

Name of circle.	Territorial limits.
Calcutta	All the territory under the Governor of Bengal and the Lieutenant-Governor of Bihar and Orissa and the Chief Commissioner of Assam, and the Superintendent, Port Blair, and Chief Commissioner, Andamans.
Cawnpore	The territory under the Lieutenant-Governor, United Provinces of Agra and Oudh.
Lahore	The territory under the Lieutenant-Governor of the Punjab and the Chief Commissioner, North-West Frontier Province.
Madras	All the districts in the Presidency of Madras, the territory administered by the Chief Commissioner of Coorg, and the Civil and Military Station of Bangalore.
Bombay	All the districts of the Bombay Presidency Proper, the Central Provinces and Berar, and all the districts in Ajmer-Merwara, and the areas in the Hyderabad (Deccan) State in which the Governor General in Council exercises jurisdiction through the Resident.
Karachi	Province of Sindh and Baluchistan (British and Agency).
Rangoon	All the territory under the Lieutenant-Governor of Burma.

See Sup.

NOTE 4.—No notes of the denomination of ₹20 will hereafter be issued, but those which are already in circulation will be treated by Government officers like universal notes though they have not been declared to be universal under the Indian Paper Currency Act of 1910.

Payment.

607. Except at an office of issue, universal notes are legal tender throughout British India in satisfaction of any claim against Government; and, subject to the same exception, other notes are legal tender at any place within the circle from which they were issued. No person, however, should ordinarily be pressed to take notes in part or full of his demand.

Issue and Exchange.

608. A Treasury Officer may supply to all comers, without enquiry as to their intentions, such notes as he may have fit for issue.

609. Although no person has a legal claim to obtain cash for a note presented at a Government treasury, Government desires that this accommodation be given when convenient. Accordingly, whenever the Treasury Officer is satisfied that no inconvenience can be caused to the treasury by the encashment of any universal notes or home notes of higher denominations than R100 likely to be presented, a placard in English and the vernacular notifying that he is prepared to give cash for such notes should be exhibited in some conspicuous place. Care should be taken that no corrupt or undue preference be shown to any individual.

1. At deficit treasuries (of which the ordinary cash receipts are less than the expenditure) currency notes ought not to be cashed, except so far as it can be done without expense or inconvenience. If the Treasury Officer can spare cash for only a limited amount of notes, he is at liberty to notify that he is prepared to give cash for universal notes only.

2. Universal notes and home notes of higher denominations than R100 to a limited extent may be cashed for the convenience of travellers when the treasury is unable to cash them for the general public; visitors to hill sanatoria, however, cannot be regarded as travellers.

3. Permission has, in some cases, been given for encashment of notes at sub-treasuries under the same conditions.

4. Cut notes should never be issued to the public without being first joined by a narrow strip of paper gummed across the whole breadth.

610. When an Accountant General is prepared to lay down a named amount of silver free at a branch of a Presidency Bank, that branch will cash, free of charge, universal notes and home notes of higher denominations than R100 up to the named amount; the notes would be held apart from, and above, the ordinary balance, and be remitted to such treasury as may be agreed on.

611. Government is not bound to make any special arrangements to pay its officers in currency notes when it may prove inconvenient to do so; but as the supply of notes to meet the wishes of officers who desire that their salaries should be paid in currency notes is not likely to entail any considerable loss, there is no objection to the supply of currency notes to a surplus treasury for this purpose. This in no way affects existing rules regarding the supply of currency notes for issue to the public.

Article 612, page 259—

In line 2 for "R50" read "R100."

Page 259 Art 612

In lines 2 and 3 for the words "Those which require registration under 617" read "These notes."

Articles 617 and 618, pages 259 and 260—

Cancel these articles and the notes thereunder and also the heading
"Record."

Custody of Notes.

612. Universal notes and home circle notes of denominations higher than ~~R100~~ if in good condition, may be re-issued as convenient. ~~Those which require registration under Article 617 must be kept in the order of receipt, in bundles according to denomination, each bundle containing not more than 100; they must be re-issued to the public, or remitted to another treasury, in the same order. It follows from this that if any such notes are under double locks, the Treasurer must hand over all his receipts to be placed under double locks, and may issue only such notes—namely, those which have been longest in the Treasury Officer's custody—as are delivered to him for the purpose.~~ *These notes*

613. Cut notes should, before receipt, be joined by a narrow strip of paper gummed across the whole breadth; but if they are received in a remittance, by halves, the Treasury Officer will join them; they are re-issuable, if not otherwise defective. Damaged notes should be separated from the good ones and should not be re-issued; and notes seriously mutilated, altered, or wrongly joined, should be refused.

Disposal of Non-issuable Notes.

614. Notes much soiled or worn should not ordinarily be issued to the public, but sent to the treasury at the head-quarters of the Local Government (or other treasury named by the Accountant General) in the first remittance made thither. The Treasury Officer at the head-quarters of the currency circle will exchange all cut notes he receives for whole ones.

615. Cancelled.

616. All universal notes, if fit for issue, may be issued to the public irrespective of the circle from which they were issued. They should, irrespective of circle of issue, also be treated like home notes for purposes of transfer to currency chests or disposal in any other manner under standing orders of the Accountant General.

NOTE 1.—The circles of issue are, in the case of universal notes, indicated by a distinctive letter printed on the note, thus C for Calcutta, A for Cawnpore, L for Lahore, M for Madras, B for Bombay, R for Rangoon.

NOTE 2.—Notes of the denomination of R20 should not be issued to the public, but should be remitted away under the instructions of the Account Office.

Record.

617. The name of every person presenting or receiving a note of the value of R50 or upwards at any Government treasury should be recorded. Accordingly, for each denomination of notes, except the lowest three, a register should be kept, wherein every note received, whether from the public or from another treasury, should be recorded separately.

1. In some provinces, local orders require registry of the number of every note received or issued; the present instructions do not change this practice. In provinces in which the number of every note is required to be registered, a separate register should be kept for universal notes belonging to other circles of issue.

2. At a currency agency, the Treasury Officer will mark off in his register, as paid to the Currency Department, any notes he may pay into the currency chest; and if they be afterwards again taken out for issue, he will enter them in his register anew.

618. As entries are made at the time of receipt, and as issues are made in the order of receipts, the dates will be consecutive both in column 1 and in column 4. The *particulars* (column 3) are the number of the series (*e.g.*, E.16), and the number of the note (*e.g.*, 17962); in this column will be entered the name of the circle, when the note is not a note of the home circle. In columns 2 and 5, the name of the presenter or the receiver will be entered when it is known, or when it is voluntarily given.

NOTE.—The only cases in which there can be any doubt about the name of the presenter or receiver will be those in which notes are received or given in exchange. The name must be known in any transaction which has to be entered in the cash account, for the name of the person on whose account money is received or paid is always shown in the document presented at the treasury.

Forged Notes.

618A. In the event of a forged note being presented, the note and the presenter should be made over to the police, if the Treasury Officer considers it advisable to do so.

Stopped Notes.

619. If a note be presented of which notice of stoppage has been received, the presenter should be asked his name and address, the name and address of the person from whom he received the note, and the circumstances under which he received it; but unless his answer give ground for doubt that he came by it honestly, it should be accepted, though notice should be given to the police and to the office of issue that a certain lost note has been presented. That office will remove the note from the list of lost notes, and will place the loser in communication with the police, but will then leave him to take such action as seems to him good.

NOTE.—A register in Form 81A will be maintained at each treasury in which the notices of stoppage will be properly recorded under the initials of the Treasury Officer, the notices themselves being destroyed after a year.

620. The following opinion of the Advocate General, Calcutta, is published for reference:—

Opinion.—If any Government Treasury Officer receives a currency note of the alleged loss of which he has received notice, he should enquire of the person tendering it in payment as to the circumstances under which he got the note. If he gave value for it, and there is no reason to suppose from his statement that he received it otherwise than in good faith, it should be accepted by the Government officer as a good legal tender.

3. A person who takes the note in good faith, and for consideration, will have a title to it, notwithstanding he may have seen it enumerated in the list of lost or stolen notes. But if he takes the note with knowledge of its having been advertised, and does not make reasonable enquiry,—that is, if he takes it under such circumstances as would fix on him the suspicion of participation in the fraud,—he could not make a good title to the note. And it follows that, if he takes the note otherwise than in good faith, it is not a good payment, and he may, and ought to, refuse it as a legal tender, unless he has reason to believe that the person tendering it to him has come by it honestly.

See Scip
on page 259

See Scip

Articles 619 and 620, page 260—

*Cancel these articles and the notes under Article 619 and also the heading “**Stopped Notes.**”*

Articles 646, page 268—

Insert the following as a note under the article :—

NOTE.—The above precautions are not necessary in cases of remittances covered by insurance.

1st List—10-3-13.

Page 261, Article 621 A—

Substitute the following for this Article and the note appended to it :—

“ Oiled notes which are believed to be counterfeit, or have been mutilated or disfigured in such a manner as to render their identification doubtful, should be refused.

NOTE.—Mere oiling does not justify refusal. It must disfigure or mutilate the note in the manner described above. The features necessary for the identification of a note are its serial letter, number, denomination, place of issue, signature and watermark.”

Defective Notes.

621. Half, mutilated, mismatched or altered notes should never be received in payment of Government dues or cashed. The holder should be advised to apply to the Currency Office of the circle to which the notes belong for instructions regarding the procedure under which the value of such notes can in some cases be recovered.

NOTE.—Currency notes with only a slight mutilation which does not interfere with identification or suggest fraud, may be received in the treasury and dealt with under Article 614.

Oiled Notes.

621A. Currency notes presented at treasuries which show evidence of having been soaked in oil or treated with chemicals should be forwarded, immediately on receipt, to the Currency Office of the circle to which the notes belong, for examination and enquiry, together with the name and address of the presenter.

Any payment that may be due on such notes should be withheld pending their return from the Currency Office. If the tenderer objects to leave the notes with the Treasury Officer they should be returned.

NOTE.—A note showing one or more detached oil stains which may reasonably be presumed to be the result of accident will not fall under this category.

Notes wholly destroyed.

622. (a) The State is legally under no obligation to pay a currency note which cannot be presented; but when a person claiming payment of a note which he is unable to produce can satisfy the Head Commissioner beyond all reasonable doubt that the note (which must be absolutely identified) has either been destroyed or lost under such circumstances that there is no probability of its ever being presented for payment, the Head Commissioner may direct as follows:—

- (1) That after two years from the first advertisement of the loss, the value of the note may be paid by the Currency Officer and invested, if possible, in Government securities, or, if the amount is too small, then paid into the Government Savings Bank.
- (2) That after twenty years from the date of advertisement, if meantime the note has not been presented for payment, the said investment, with accumulated interest (or the said deposit, if no investment has been made), be delivered to the claimant or his assignee, or other legal representatives, upon a bond of indemnity with two personal sureties attached.

(b) Claimants in respect of notes so lost or destroyed should be informed accordingly, and should be advised to apply to the Currency Office of the circle to which the notes belonged.

Indents.

623. When notes are wanted in a district, an indent in detail should be submitted: and it may well accompany the monthly cash balance report. But it must be remembered that a supply of notes is, to all intents and purposes, a cash remittance, and can only be sent by reducing the actual cash balance of another treasury; accordingly, it is not always possible to meet an indent, nor (if the cash balance of the indenting treasury be strong) is it always advisable to do so. Government has laid down that an Accountant General is not to consider himself obliged to supply to district treasuries notes of large value which he knows will be remitted at once elsewhere, thus throwing upon him the expense of bringing away the coin received in exchange for them.

Quarterly Returns.

624. Every Treasury Officer will prepare (in Form 82) a quarterly memorandum showing the receipt and issue of Government currency notes in and from his head and sub-treasuries, and will submit it to the Accountant General. In the case of those treasuries which bank with a Presidency bank or branch bank, the memorandum will show the transactions at sub-treasuries only.

NOTE.—To assist in the preparation of this return, it is suggested that a register in Form 83 should be kept in the vernacular in each treasury and sub-treasury, and should be posted daily. The daily entries should be totalled at the end of each month. If the entries have been accurately made, the opening balance *plus* total of receipts will be equal to the closing balance *plus* total of issues. At the end of the quarter, the totals of the three months for both district and sub-treasuries should be summed up and posted in Form 82. Where there is a branch of the presidency bank, the register will be opened for transactions at sub-treasuries only. The register will give only the total value of the notes received and issued under each head in each day.

Paper Currency Agencies.

General Rules.

625. (a) At some important stations currency agencies have been opened to afford facilities to the public for exchanging coin for notes, or notes for coin.*

(b) When the district treasury is in the charge of a branch of the Presidency bank, the currency chest must be there too, being opened, when necessary, by the Treasury Officer.

626. All applications for exchange, whether for notes, gold or silver coin, may accordingly be granted if the officer in charge thinks fit, provided that the coin or notes applied for are in the chest; but notes which are soiled or worn or notes of other circles, of denominations higher than R100, should not be re-issued from a currency chest.

* It is not intended to incur any large expense in the promotion of currency agencies. If it be found that, instead of ordinary circulation at any agency, the privilege of cashing or obtaining notes is used all in one direction so as to require constant charge to Government to carry supplies of coin to the agency or to bring accumulation of coin from it, that agency must be pronounced a failure and allowed to become inert when the supply sent to it is exhausted; but such a state of things should not be assumed to exist without a full and fair trial. It is not thought expedient to supply currency chests with notes of value higher than R100.

Page 262, Article 624 (as revised by the 12th List of Corrections, dated the 3rd January 1916).

Substitute the following for this Article :—

624 (a). The State is legally under no obligation to pay a currency note which cannot be presented, but payment may be made under the following rules :—

In the case of a claim for value of a note alleged to be wholly lost or destroyed, it is essential that the claimant should produce evidence sufficient to satisfy the Commissioner beyond all reasonable doubt that the note has either been destroyed or lost under such circumstances, that there is no probability of its ever being presented for payment, and also that adequate safeguards should be furnished to secure Government against loss in the event of subsequent presentation.

If on a consideration of the evidence furnished, and of the claimant's affidavit, if this is considered necessary, the Commissioner finds that the claim is satisfactorily proved, he may pass orders as follows :—

(1) that after two years from the first advertisement of the loss the value of the note be paid by the Currency office and invested, if possible, in Government Securities, or, if the amount is too small, paid into the Post office savings bank ;

(2) that after a period of not less than five years from the date of first advertisement of the loss, if in the meantime the note has not been presented for payment, the said investment with accumulated interest (or the said deposit, if no investment has been made) be delivered to the claimant or his assignee, or other legal representatives upon a bond of indemnity with two personal sureties attached.

The Commissioner should determine the period, not being less than five years from the date of first advertisement of the loss, after which payment shall be made. He may also dispense with sureties in any case when he is satisfied that such a course is desirable and is not likely to lead to difficulties in recovering the value of the note from the payee in the event of its being subsequently presented for payment.

(b) Claimants in respect of notes so lost or destroyed should be informed accordingly, and should be advised to apply to the Currency office of the Circle to which the notes belong.

Article 630—

the words 'Treasury Officer' after the word
in line 3 of this Article.

5th list, 1-4-14.

Custody of Coin and Notes.

627. (a) A separate chest must be set aside for the Currency Department funds, the notes being placed in a tin box within it. The whole must be kept entirely distinct from the treasury balance.

(b) This chest should always contain the same total amount. Coin may be taken out and notes deposited, or *vice versâ*, or one description of notes or coin may be exchanged for another; but, except under special orders of the ~~Head Commissioner~~, Commissioner, or Deputy Commissioner of Paper Currency, the total amount in the chest must never be altered. *Controller*

(c) One key of the chest must be kept by the Collector or some other gazetted officer who is not in personal charge of the treasury balance.

Rules for Management.

628. It is not intended that the chest should be opened daily; once a week or even once a month may probably suffice. The ordinary exchanges with the public should be made by the treasury, the currency chest being used as a reserve when the proportion of notes or coin in the treasury becomes inconveniently large. If the chest can give no assistance, the facilities afforded to the public must be stopped; *e.g.*, if notes accumulate and the whole balance in the chest consists of notes, no more must be cashed for the public until the stock has decreased. On no account must any risk be run of inconvenience to the treasury.

629. The notes issued from each agency will be distinguished by a small stamp impressed at the circle office, showing the number assigned to the agency; and it is of the first importance that such notes should never (save in very exceptional circumstances) be refused encashment at the office where they were issued. Hence, if it is seen that notes from a distance are being brought in such quantities as to absorb the whole amount of the coin available, the Treasury Officer should take care to cash at the currency chest such an amount of the notes held in his treasury balance as will liberate an amount of coin sufficient to meet these local notes tendered for exchange. Such necessity should at once be reported to the head office of the circle.

630. The currency chest book (Form 84), or a duplicate of it, should be kept in the chest, and the balance proved and signed at every transaction. A slip in Form 84 (a), signed by the Treasurer and by the officer holding the second key, must be sent to the head office of the circle and to the Accountant General whenever the chest is opened; no further accounts are necessary. Any transactions in notes of foreign circles should be entered in *red* ink, and on the reverse of the slip should be shown details of the circles to which they belong; for this purpose a form is provided on the reverse of the slip.

631. Copper coin must never be deposited in the chest, as the law does not admit of its being held as currency reserve; but a reasonable portion of the reserve may be kept in the form of small silver coin.

632. The exchanges with the chest should be always in even hundreds of rupees, and transactions should, if possible, be avoided in the last few days of the month, so that the correct closing monthly balance

may always be known at the head office. If important exchanges take place too late for the slip to reach the head office by post, the transaction should be telegraphed shortly, (e.g., "Currency Agent to Currency Commissioner. Withdrawn R30,000 deposited 300 notes for 100").

633. The currency chest balance should be verified monthly, except when it is deposited with a branch of the Presidency bank, in which case the balance need be verified only on March 31st and September 30th, and the verification certificate should be sent to the head office of the circle.

As in the case of treasury balance, it should be verified by the District Officer when at head-quarters. When he is absent on tour on the 1st of the month and the key of the chest is left with a gazetted officer other than the Treasury Officer under Article 627 (c), the chest balance may be verified by the officer who verifies the treasury balance under Article 336, subject to the condition therein stated; when the key of the chest is with the Collector on tour the verification should be made by him immediately on return to head-quarters.

Temporary Currency Chests.

634. When the Treasury Officer receives a special order from the Accountant General or Commissioner of Currency to pay over a sum of money, in coin, into the currency chest, he will enter it in his cash book as a remittance to currency with reference to the order received; and will show it as a deposit of coin in the currency chest book. Similar entries will be made when coin is ordered to be transferred from currency to treasury.

NOTE.—Transactions of this kind are always ordered in pairs—that is, an order to Treasury Officer A, to transfer money from currency to treasury, can never issue until the Accountant General or Commissioner of Currency has ascertained that Treasury Officer B has made a corresponding payment from his treasury into currency. The Accountant General will see that the two cross-transactions are taken against each other, both in the Provincial and in the Currency Accounts.

Temporary Currency Chests.

635. A currency chest may be temporarily established at a treasury where none has hitherto existed, by an order issued under Article 634, to transfer coin from treasury to currency. In such case the coin must be held quite separate from the treasury balance, under Article 627; a currency chest book must be opened, a slip sent to the head office of the circle and to the local Accountant General, and a verification of the balance made and reported under Article 633. Except with the permission of the Commissioner of the circle, exchanges of coin for notes or notes for coin or one kind of coin for another may not be made at temporary currency chests opened under the last rule.

Responsibility.

636. It must be remembered that coin held in a currency chest is part of the reserve maintained under Act III of 1871, against the currency circulation; it must be kept quite separate from the treasury balance and treasury accounts, and must not, on any account, be touched except in conformity with these rules.